

## Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 AGR-05 AID-05 CEA-01 CIAE-00  
COME-00 EB-07 EA-07 FRB-03 INR-07 IO-13 NEA-10  
NSAE-00 OPIC-03 SP-02 TRSE-00 LAB-04 EPG-02  
SIL-01 OMB-01 USIE-00 NSC-05 SS-15 STR-04 SSO-00  
NSCE-00 INRE-00 JUSE-00 FTC-01 /112 W  
-----031606Z 110310 /45

O R 031509Z MAY 77  
FM USMISSION OECD PARIS  
TO SECSTATE WASH DC IMMEDIATE 6412  
INFO USMISSION USUN  
USMISSION EC BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 12908

FOR L/EB, STEVE BOND; TREASURY FOR DAYID PRITCHETT;  
USUN FOR RICHARD SMITH

E.O. 11652: N/A  
TAGS: OECD, CIEC, EINY, E/IN  
SUBJECT: CIEC - DIRECT FOREIGN INVESTMENT

1. G-8 TABLED FOLLOWING REVISED PARA 3 AFTERNOON OF  
MAY 2. BEGIN TEXT:  
3. THE PARTICIPANTS OF CIEC RECOGNIZE THAT, IN  
THE EXERCISE OF THEIR SOVEREIGNTY, COUNTRIES ARE ABLE TO  
DETERMINE THE CONDITIONS UNDER WHICH FOREIGN PRIVATE  
INVESTMENT MAY BE ADMITTED TO PLAY A ROLE IN THE  
DEVELOPMENT PROCESS. END TEXT.

2. G-8 ALSO DISTRIBUTED FOLLOWING LANGUAGE ON PARAS 6  
AND 7 FOR DISCUSSION MAY 3. BEGIN TEXT:  
6. THE PARTICIPATING COUNTRIES RECOGNIZE THAT  
FOREIGN INVESTORS, FOR THEIR PART, SHOULD CONTRIBUTE TO  
A FAVORABLE INVESTMENT CLIMATE BY:

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A. BEHAVING AS GOOD CORPORATE CITIZENS OF HOST  
COUNTRY.  
B. RESPECTING THE SOVEREIGNTY AND LAWS OF THE  
COUNTRIES HAVING JURISDICTION OVER THEM.  
C. TAKING INTO ACCOUNT THE POLICIES, INTERESTS AND  
PRIORITIES OF THE HOST COUNTRY.  
D. MAKING THEIR OPERATIONS AS TRANSPARENT AS

POSSIBLE.

E. ENDEAVORING TO CONTRIBUTE POSITIVELY TO THE DEVELOPMENT OF THE HOST COUNTRY.

F. ENDEAVORING, IN PARTICULAR, WHERE DESIRED BY THE HOST COUNTRY AND CONSISTENT WITH SOUND COMMERCIAL PRACTICES TO CONTRIBUTE TO EXPAND EXPORTS, CREATE EMPLOYMENT, TRAIN DOMESTIC TECHNICIANS AND MANAGERS, UTILIZE DOMESTIC RAW MATERIALS AND OTHER INPUTS, FINANCE THEIR OPERATIONS WITH FOREIGN RESOURCES, AND APPLY MODERN TECHNOLOGY SUITABLY ADAPTED TO DOMESTIC CONDITIONS.

7. THE PARTICIPATING COUNTRIES HAVE IDENTIFIED THE FOLLOWING COHERENT SET OF PRINCIPLES WHICH CONTRIBUTE, TO THE EXTENT THAT THEY ARE IMPLEMENTED TOGETHER, TO THE CREATION OF A FAVORABLE CLIMATE FOR DIRECT FOREIGN INVESTMENT:

A. TRANSPARENCY, THAT IS, A CLEAR DEFINITION OF NATIONAL POLICIES, LAWS, REGULATIONS, AND ADMINISTRATIVE PRACTICES APPLYING TO DIRECT FOREIGN INVESTMENT.

B. STABILITY OR PREDICTABILITY OF THE ABOVE POLICIES, LAWS, REGULATIONS AND ADMINISTRATIVE PRACTICES OF GOVERNMENTS AND THEIR PERMANENCE. RECOGNITION OF THE RIGHTS AND INTERESTS OF FOREIGN INVESTORS ALREADY ESTABLISHED IN THE COUNTRY IN CASE OF CHANGES IN SUCH RELEVANT POLICIES, LAWS, REGULATIONS, AND ADMINISTRATIVE PRACTICES.

C. FAIR AND EQUITABLE TREATMENT OF FOREIGN INVESTORS CONSISTENT WITH INTERNATIONAL LAW AND NO LESS LIMITED OFFICIAL USE

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FAVORABLE THAN THAT ACCORDED DOMESTIC INVESTORS OR THIRD COUNTRY INVESTORS, WHICHEVER IS THE MORE FAVORABLE. THE RIGHT OF A HOST COUNTRY TO REGULATE THE ENTRY OF FOREIGN INVESTMENT, INCLUDING PROHIBITIONS OR LIMITATIONS ON THE EXTENT OF FOREIGN INVESTMENT IN SPECIFIED SECTORS, REMAINS UNAFFECTED BY THIS OBJECTIVE.

D. TIMELY AND UNRESTRICTED TRANSFER OF THE INCOME FROM INVESTMENT CAPITAL AND PROCEEDS FROM SALES AND LIQUIDATION OR OTHER TERMINATION OF CAPITAL INVESTMENTS, EXCEPT IN SO FAR AS EQUITABLE, NON-DISCRIMINATORY RESTRICTIVE MEASURES OF LIMITED DURATION ARE REQUIRED BY THE EXISTENCE OF EXCEPTIONAL BALANCE OF PAYMENTS DIFFICULTIES.

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E. PAYMENT OF PROMPT, ADEQUATE AND EFFECTIVE  
COMPENSATION IN THE EVENT OF DIRECT OR INDIRECT  
DEPRIVATION OF A FOREIGN INVESTOR'S PROPERTY; SUCH  
ACTIONS BEING EXCLUSIVELY FOR A PUBLIC PURPOSE, NON-  
DISCRIMINATORY AND IN ACCORDANCE WITH DUE PROCESS OF  
LAW.

F. PROVISION BY THE HOST COUNTRY OF PROCEDURES FOR  
THE IMPARTIAL SETTLEMENT OF DISPUTES WITH FOREIGN  
INVESTORS IN ACCORDANCE WITH THE ABOVE PRINCIPLES AND  
GENERALLY ACCEPTED PROCEDURAL STANDARDS CONTAINED IN  
INTERNATIONAL LAW; DISPUTES WHICH CANNOT OTHERWISE BE  
SETTLED WITHIN A REASONABLE PERIOD TO BE RESOLVED BY  
RE COURSE TO INTERNATIONAL ARBITRATION. THE IBRD'S  
CENTER FOR THE SETTLEMENT OF INVESTMENT DISPUTES IS  
AN IMPORTANT INSTITUTION IN THIS REGARD. END TEXT.

3. G-19 DID NOT ACCEPT NEW PARA 3 LANGUAGE, BUT  
PROMISED (AFTER MUCH PRODDING) TO COME UP WITH  
ALTERNATIVE. THUS WE MAY YET HAVE AN OPPORTUNITY TO  
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USE U.S. DRAFT LANGUAGE. IN ANY EVENT WE ARE A LONG  
WAY FROM A FINAL VERSION. DISCUSSION MAY 3 WILL FOCUS

ON WHAT IS NOW PARA 7.

KATZ

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## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC DEVELOPMENT, INDUSTRIAL DEVELOPMENT, FOREIGN INVESTMENTS, RESOLUTIONS  
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**Copy:** SINGLE  
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**Decapton Date:** 01-Jan-1960 12:00:00 am  
**Decapton Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977OECDP12908  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770154-1173  
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**Litigation Codes:**  
**Litigation History:**  
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**Message ID:** d7d5309b-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION L  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Retention:** 0  
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**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2655851  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CIEC - DIRECT FOREIGN INVESTMENT  
**TAGS:** EIND, EINV, OECD, CIEC, G-8  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009